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Supreme Court of the United States

October Term, 1975
No. 75-1405

MARSHALL FIELD & CO.,
Petitioner,

vs.

MARIAN SHOUP,
Respondent.

REPLY BRIEF OF PETITIONER

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REPLY BRIEF OF PETITIONER

In response to matters presented in the Brief of Respondent In Opposition, the Petitioner says:

1. Basis of the Judgments Below.

The decision of the Courts below was based *solely* upon the erroneous statement noted at the head of the Shoup patent in suit.

The District Court disregarded all other evidence, including the written assignment instruments which show title to be in the Shoup Engineering Corporation, and referring to this erroneous statement noted on the patent, said in its Opinion and Order of October 15, 1974 (Appendix B to Petition):

> "The Court accepts *this statement on the face of the patent* as prima facie evidence of ownership at that date".

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The Court of Appeals *adopted,* and based its affirmation upon, this *same* ruling on title which was expressly premised on the erroneous statement noted on the patent, as disclosed in the Court of Appeals in its affirming decision of March 1, 1976 (Appendix A-1 to Petition), by its statement:

> "We *approve and adopt* the initial memorandum decision of the trial court on *this issue*. Shoup v. Marshall Field & Co.,* N.D. Ill., ___ F. Supp. ..... (October 15, 1974)."
>
> (*"this issue" being the issue of title).

2. Supplemental Items Advanced by Respondent to Cure the Defect in Title.

Notwithstanding the rulings below being expressly *premised upon the false statement of title* noted on the face of the patent (rather than upon the written assignment instruments showing title to be in the Shoup Engineering Corporation), the Respondent now tries to supply some other support for a finding of title in the Respondent. This is done in the Opposition Brief by a scattering of other items, such as:

(a) The self-serving statement of the Respondent in her Affidavit of July 3, 1974 (Appendix L to Respondent's Opposition Brief) that "she is *not aware* of any person heretofore or at present claiming any title to the patent in suit".

(b) The self-serving statement of the Respondent in her deposition of September 26, 1974 wherein she answered the question "who is the present owner of Patent No. 3,174,863" with the response "I am".

(c) The testimony of Robert C. Read, a friend of the Respondent, at the hearing on title, when asked

if *he* knew of anyone else who had an interest in the patent, responded "No, I *know* of no one".

(d) The testimony of Berwyn B. Braden, also a friend of the Respondent, who when also asked if *he* knew of anyone else claiming to have any title in the patent, responded "I *know* of no one".

(In respect to the testimony of Mr. Read and Mr. Braden, the District Court refused to permit questioning of the Respondent as to the identity of those having an interest or share in the proceeds of the action.)

(e) The testimony of the same Robert C. Read who attempted to explain away in the purported Assignment of October 25, 1963 (Appendix H to the Petition) to the Irene Schneider Trust from Shoup Engineering Corporation, the there stated exemption of *"except for a previous assignment for Five Thousand ($5,000.00) Dollars"*. This "explanation" consisted of his opinion that the stated exemption was false by his remark "There was no actual assignment". When Mr. Read was asked if he knew this of his own knowledge, he offered the unsupported hearsay statement of "Yes, *I know Mr. Shoup told me that,* yes."

None of the above items proffered by Respondent as "evidence" of title to the patent are *legal evidence* of title. Title is not to be determined by popularity polls, or by the number of persons who say they do not personally know of anybody else who owns the patent, or by the self-serving statement of a plaintiff contending that she is the owner.

Congress has provided by 35 USC 261 that title can be transferred from the named inventor (and originally the owner) *only* by written assignment instruments. The

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only written assignment from *a party holding title*, and hence legally able to transfer title, is the Assignment of January 21, 1965 (Appendix I to the Petition) from Allen A. Shoup to the Shoup Engineering Corporation, present holder of title. On October 25, 1963, when Shoup Engineering Corporation purported to assign title (with the exemption of a previous assignment) to the Irene Schneider Trust by means of the "Assignment" (Appendix H to Petition), the Shoup Engineering Corporation *possessed no title*, and admittedly did not possess full title to transfer.

Therefore, the only legal evidence on the subject of title and which is to govern under the requirements of the statute, is the Assignment of January 21, 1965 to Shoup Engineering Corporation. The above items of "testimony" and expressions of opinion offered by Respondent to refute this legal evidence cannot prevail.

3. The March 14, 1961 Subscription Agreement Transferred No Title to the Then Non-Existing Shoup Engineering Corporation.

The unauthenticated Subscription Agreement of March 14, 1961 (Appendix G to Petition) by which Allen A. Shoup agreed to assign in the future certain vaguely described rights in a broiler to the Shoup Engineering Corporation, yet to be formed and not then in legal existence, was not a written assignment instrument as required by 35 USC 261. To be considered in connection with this unauthenticated paper are the following:

(a) The paper was never considered to be an assignment in that it was never presented for recording in the Patent Office under the provisions of 35 USC 261, and hence was not recorded.

(b) The execution of the paper was never considered to be an assignment, in that its execution was

not acknowledged before an appropriate officer, such as a notary public, in accordance with the provisions of 35 USC 261 covering assignments.

(c) Allen A. Shoup, the inventor who signed the Subscription Agreement, did not consider this paper to be an assignment or otherwise he would not needlessly have gone through the act of signing the later actual Assignment of January 21, 1965 (Appendix I to Petition) from himself to Shoup Engineering Corporation at a time when it was in legal existence.

(d) The Shoup Engineering Corporation was not in legal existence on March 14, 1961 when Mr. Shoup signed the Subscription Agreement (Appendix G to the Petition). According to the Certificate of the Wisconsin Secretary of State (of which a reproduction appears as Appendix M to Respondent's Opposition Brief), the Shoup Engineering Corporation was not granted by the State of Wisconsin "the powers and privileges conferred by the Wisconsin Statutes" on corporations until April 12, 1961. Hence, Shoup Engineering Corporation was not chartered as a corporation until April 12, 1961, *a month after* the March 14, 1961 Subscription Agreement.

Therefore, no legal title to the Shoup patent passed through the Subscription Agreement of March 14, 1961, and Respondent possesses no title in reliance upon that paper called the Subscription Agreement.

4. The Digest Maintained by the Patent Office of Assignment Papers Received for Recording Has No Probative Value Whatever on the Issue of Title.

The Respondent refers to a Patent Office Digest (copy appearing as Appendix K attached to Respondent's Brief)

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as though it were evidence of title. The Patent Office maintains as a convenience to the public, but not as a statutory or official duty, a Digest of the Assignments that have been received for recording. One searching for a determination of title looks to this Digest as a *guide* in finding the actual Assignment instruments that have been recorded. However, it is the contents of the Assignment instruments themselves which determine title. It is not the clerk maintaining the Digest who adjudges who is the holder of title.

It was a clerk not shown to be competent, and certainly not having the lawful authority to adjudge the matter, who mistakenly noted in the Digest the Assignment of January 21, 1965 (Appendix I to the Petition) as having assigned the patent "as of Mar. 14, 1961", *a legal impossibility*. A clerk keeping the unofficial Digest, without apparently understanding the content or import of the papers received, also mistakenly noted in the Digest that by the Assignment of October 25, 1963 (Appendix H to the Petition), Allen A. Shoup assigned "the entire interest in said patent" to the Irene Schneider Trust, *another legal impossibility*.

The clerks making the entries in the unofficial Digest totally failed to note and consider:

(a) That on October 25, 1963, the Shoup Engineering Corporation possessed no title whatever and therefore that purported "Assignment" of October 25, 1963 to the Irene Schneider Trust was a nullity.

(b) That on January 21, 1965, Allen A. Shoup *then* possessing full title as inventor assigned the patent to the Shoup Engineering Corporation (the present holder of title according to the record).

(c) That in the *purported* "Assignment" of October 25, 1963 from the Shoup Engineering Corporation

to the Irene Schneider Trust, there was a stated exemption of *"a previous assignment for Five Thousand ($5,000.00) Dollars"* in the conveyance to the Irene Schneider Trust which was thereby put on notice of the exemption. Thus, even *if* any title was so conveyed to the Irene Schneider Trust (but *none* was conveyed), it was legally impossible for the "*entire* interest" to be conveyed to the Irene Schneider Trust. Of course, if the Irene Schneider Trust did not receive 100% title, the Respondent could not have possessed 100% title which is a prerequisite for a right to sue for infringement of the patent.

The *only* value of the Digest (Appendix K to the Respondent's Brief In Opposition) is that it might be an explanation of why the Patent Office clerks, of unknown competence, were so confused as to lead them to make such *grossly* erroneous and misleading entries in the Digest. *Both* the Assignment of October 25, 1963 *from* the Shoup Engineering Corporation to the Irene Schneider Trust, and the Assignment of January 21, 1965 from Allen A. Shoup *to* the Shoup Engineering Corporation, were received for recording, and were recorded, on January 22, 1965, as shown on the Digest.

Apparently, the erroneous and misleading entries made in the unofficial Digest were referred to, and depended upon, by the Patent Office clerks directing the printing on the head of the patent of the false statement that at the time of issuance the Irene Schneider Trust was the owner.

With mistake based on mistake, the accumulated errors ended in a false notation as to title appearing on the face of the patent, a notation upon which the Courts below both based their ruling on title. Thus, rather than there being a judicial determination of title based on the actual contents

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of the written assignment instruments of record, the judgment below on the issue of title was actually made by some unknown persons in the Patent Office not having the legal authority, or shown to have the legal competence, to make such a determination.

5. There Is No Basis for a Ruling of Title Being in the Respondent Based on Alleged Recognition of Title in the Respondent by Other Manufacturers.

In a strained effort to bolster up the finding of title being in the Respondent, the Respondent's Opposition Brief, at page 4, refers to licenses under the patent for the "Toastmaster broiler", the "Farberware broiler", and the "Cory broiler", as evidence of recognition by others of Respondent's title.

However, there was no evidence in the record of a license on the Farberware broiler, the Respondent's counsel at trial refusing to produce such a supposed license. Also at the trial of the case, there was no evidence of a then existing license on the Toastmaster broiler. In addition, there was no evidence of any Cory broiler having ever been made under a license. Moreover, if others "bought their peace" and succumbed by accepting a license on the basis of representation by the licensor of having title, such acquiescence, if any, is not determination at all on the issue of title.

The presentation now by Respondent of some meager measure of "recognition" of title being in Respondent, only emphasizes the dependence of the Respondent on some peripheral factors as purported "recognition" by others, and also emphasizes the marked reluctance to depend upon the written assignment instruments as evidence of title.

6. The Old Decisions Cited on Page 8 of Respondent's Opposition Brief in No Manner Support the Respondent's Contention That the Recorded Written Assignment Instruments May Be Ignored in Determining Title.

According to the provision of 35 USC 152, "Patents may be granted to *the assignee* of the inventor of record in the Patent Office * * *." Inasmuch as the *legal assignee* of the Shoup patent, according to the Assignment of January 21, 1965 (Appendix I to the Petition) recorded January 22, 1965 shortly before the patent issued, is the Shoup Engineering Corporation, according to the dictates of 35 USC 152, the patent *should* have been granted to Shoup Engineering Corporation.

Inasmuch as the Irene Schneider Trust was *not* the *legal assignee*, as heretofore demonstrated by Petitioner, the Irene Schneider Trust was a *stranger* to title and the patent erroneously was "granted" to the Irene Schneider Trust.

The old decisions cited on page 8 of the Respondent's Opposition Brief merely bear out the same point as now expressly set forth in 35 USC 152. That point is that if there are proper written assignment instruments recorded before a patent is issued, the patent is to be issued, not to the named inventor, but rather to *the legal assignee as evidenced* by the proper written assignment instruments of record.

Following the same principle as expressly stated in the statute, the old decisions cited by Respondent merely recognize as the owner of the patent the party to whom it was granted pursuant to the contents of written assignment instruments recorded before the grant of the patent.

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For example, the cited 1850 decision of *Gayler v. Wilder*, 51 U.S. (10 How.) 477 affirms that a patent is to be granted to the true legal assignee whose assignment instrument is recorded before issuance and is to be recognized as the owner of the patent. This decision held that a party to whom a proper assignment was made and recorded in the Patent Office before the patent issues is to be recognized as owner for purposes of a patent infringement action rather than the assignor to whom the patent document was mistakenly issued and sent by the Patent Office personnel.

This is fully in accord with the Petitioner's contention that the Shoup patent is owned fully by Shoup Engineering Corporation.

The other decisions cited by Respondent only confirm that which the Petitioner has been contending. This contention is that the true owner is the party whose ownership is evidenced by proper written assignment instruments, and the patent legally should issue to the one so designated by proper written assignment instruments that have been recorded before the issuance of the patent.

Under the law as found in the decisions cited by Respondent, and under the law as expressly set forth in the statutes:

(a) Title to the patent did *not* reside in the Irene Schneider Trust when the patent issued (nor at any time) and hence the patent should not have issued to the Irene Schneider Trust;

(b) Title to the patent in suit resided in the Shoup Engineering Corporation when the patent issued, and title still resides in the Shoup Engineering Corporation;

(c) The Irene Schneider Trust, not having any title to the patent, could not legally assign it to Respondent and any purported assignment to Respondent was a nullity.

(d) Respondent, being a stranger to title, had no capacity to institute and maintain this action.

CONCLUSION

Other than repeating in Respondent's Opposition Brief the remark that Petitioner "is incorrect", the Respondent has totally failed to justify the judgments of the Courts below.

Petitioner requests that its right to be sued only by the legal owner of the patent and not to be left vulnerable to a later suit by the legal owner, be protected and not be denied on the basis of the cumulative errors of the Courts below in applying the controlling law.

Petitioner requests that the principle, heretofore enunciated in the decision of this Court and of the Second Circuit Court of Appeals, that the issue of title to copyrights be determined by the Courts rather than by agency personnel, be applied here to the issue of title to patents.

Rights and liabilities under patents should be clarified by this Supreme Court upon review of the judgments below.

Respectfully submitted,

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